

The Secretary then reported that the Criminal Procedure Code Amendment Bill, the Police Regulation Amendment Bill and the Municipal Bill, which were finally passed by the Council on the 7th April 1920, received the assent of His Highness the Maha Raja on the 14th June, 18th June and 6th July 1920 and became law as Regulations III, IV and V of 1095, respectively.

President:—

"Gentlemen,

We shall now take up the Budget. Printed copies of the Draft Budget were circulated among the Members some time back, and copies of the corrections to the Draft Budget as revised at this stage have also been given to you now.

This is a memorable day in the history of this Council; for this is the day on which its Members will exercise for the first time the privilege of discussing the State Budget—a privilege which has been graciously conferred on them by His Highness the Maha Raja; and I consider it a happy augury for me that my first acquaintance with this Council should coincide with its first exercise of this valuable privilege.

GENERAL CHARACTERISTICS.

2. The year 1095 opened under favourable auspices. The gloom of the Great War had passed away. With improved facilities for shipping and transport and the gradual removal of trade restrictions, business has not only recovered its old footing but has gone distinctly forward and has brought much prosperity in its train, with the result that the year is characterised by a phenomenal activity in company promotion. During the first eleven months of the year, 96 companies have been floated in the State with a total authorised capital of Rs. 3,71,75,000, while in the corresponding period of 1094, 14 companies with an authorised capital of Rs. 25,40,000 only were floated. Whether the companies are financially sound and whether they will all yield satisfactory dividends, it is difficult to foretell; it is possible that some of the concerns might collapse either on account of their speculative character or through bad management; but it may, I think, be safely taken that the majority of these pioneer companies are sound and will take root and if well managed they will not only contribute in no small measure to the permanent enrichment of the State but will stand out as examples worthy of imitation. What, however, we should particularly note is the readiness with which the people of the State have come forward to subscribe to these new enterprises. Capital is rapidly ceasing to be shy and there is ample evidence also of there being more of it in the State now than before. These are very encouraging signs and let us hope earnestly that a bright industrial future lies before the State.

3. There was one matter, however, that was causing considerable anxiety to the Government at the beginning of the year and that was the scarcity of food stuffs and their high prices. As you all know, Travancore is not self-sufficient in the matter of its food supply but depends to a large extent on imports from outside. Owing to the unsettled trade conditions and the absence of private enterprise in the matter of import of food stuffs, the Government had to interfere and take upon themselves the import of rice from outside in order to meet the local demand for food; but this was not an easy matter as transport difficulties were acute and Government were accordingly anxious to retain as far as possible the local produce for local consumption and to counteract the great impetus to its export given by high prices and the spirit of profiteering. Exports of local rice had accordingly to be prohibited and a Director of Civil Supplies had to be appointed who undertook practically to ration the whole State with rice imported from Burma. The magnitude of the operations undertaken by the Director will be evident from the fact that he had to import and handle 18,64,000 bags of rice and paddy costing nearly Rs. 2,26,00,000. Arrangements had to be made for the proper storage and distribution of this enormous quantity of food supply and for preventing deterioration in it. Prices had to be watched and controlled, the demand for food had to be studied and its distribution made promptly and fairly. How well this work was done by Mr. Cunningham, the Director, has already been testified to by my predecessor Dewan Krishnan Nair, and I believe that but for these operations and the successful way in which they were carried on, actual famine conditions might have ensued with much resultant mortality. As the year progressed, however, transport conditions improved; season conditions outside the State, which were bad in 1094, were better in 1095 and the grain output outside Travancore and consequently the grain available for import into the State increased in volume and the time for removal of control over prices and restrictions over exports arrived. Prices are not now controlled and exports are free. Owing to world-wide causes, however, prices of food stuffs still continue to be high in the State as outside it, and these high prices, besides being the cause of much suffering to the people, are proving to be a considerable handicap to the Government.

4. The year that is passing has been financially a prosperous one on the whole. Expansion of trade and increased business activities to which reference has already been made and the larger purchasing power of the people have resulted in better revenue receipts under Customs, Stamps, Registration and Excise. The rise in prices has, on the contrary, contributed to a very large increase on the expenditure side. In the first place, the Government have had to sanction a scarcity allowance to their low paid servants at an annual cost of nearly Rs. 5 lakhs and larger allotments have had to be made to the various spending Departments like Stationery, Devaswoms and State Charities for the usual services, while the return for the expenditure in the P. W. D. has been less than it would have been but for the high cost of materials and labour.

REVISED ESTIMATES OF 1095.

5. I shall now place before you a more detailed review of our financial operations during 1095. The Revised Estimate of 1095 places the Revenue at Rs. 1,82,89,500 or Rs. 7,66,100 better than the Budget for the year. Ordinary expenditure has also increased from Rs. 1,69,07,600 to Rs. 1,73,19,000 or by Rs. 4,11,400. There has been a decrease of Rs. 86,600 under Capital Expenditure not charged to revenue. The net result is that our revised surplus shows an improvement to the extent of Rs. 4,41,300 over the estimated surplus. For the details of the various fluctuations which have contributed to this result, I would refer you to the Account Officer's Memorandum which has already been furnished to you and I shall only deal with the more important variations on either side of the Budget.

6. *Revenue.* As regards Revenue, the improvement over the Budget has occurred under Land Revenue, Excise, Customs, Stamps, Registration and Railways. Two causes have contributed mainly to the increase under Land Revenue. An increase of about Rs. two lakhs is contributed by the sale of Government lands, as the disposal of Government puduval lands is being accelerated through the agency of special staff employed for the purpose. An increase of nearly half a lakh of rupees is expected from the disposal of Government paddy. This paddy is supplied to Devaswoms and is also used for the disbursement of family pensions fixed in paddy and its value at the current market rate is credited to Land Revenue and charged to the Departments concerned. As regards Excise, the increase has been mainly the outcome of increased consumption, owing evidently to the general prosperity of the people. The increase of nearly three-fourths of a lakh of rupees under Customs is no doubt the result of the revival of trade. Expansion of trade and increased business activities have been responsible for the very large increases under General Stamps and Registration. In regard to Railway earnings, the Government did not estimate any revenue for 1095 for fear that the favourable results of 1094 might not be repeated in 1095, but I am glad to say that this fear has been proved to be groundless. We have already received from the Railway administration a sum of Rs. 1,54,700 as the net revenue from the working of our line for the year ended 31st March 1920. Against these increases, Salt and Education shew a substantial falling off. The decrease under Salt revenue is due to the reduction in the output and sale of local salt owing to seasonal conditions. As regards Education, the Budget of 1095 provided for a large increase in Fee receipts. There has no doubt been a slight increase under Fees in English Schools over the receipts of 1094; but the receipts from the Higher Grade Vernacular Schools are about Rs. 60,000 less than the Budget figure and about one-fourth of a lakh of rupees less than the receipts of 1094. This is explained by the fact that there has been a considerable falling off in the attendance at the higher classes of the Vernacular Schools, due in a large measure to the insufficiency of prospects offered by vernacular education and the growing demand for English education.

7. *Expenditure.* Our ordinary expenditure will be Rs. one crore and seventy three lakhs against our estimated total of Rs. one crore and sixty nine lakhs; the largest increases occur in the Stationery, Devaswom and P. W. Departments. A sum of Rs. one lakh was sanctioned additionally for the Stationery Department to clear off the arrears due to the Stationery contractor. The increase of over Rs. 2½ lakhs under Devaswoms is due to the prevailing high price of paddy. For the P. W. D. nearly Rs. 2½ lakhs have been additionally given, partly for expenditure on urgent works and repairs of flood damages and partly on account of the inadequacy of the original budget provision. On the contrary, a saving of nearly Rs. 1½ lakhs is anticipated under expenditure on departmental timber extraction.

As our Railway has brought in a net revenue, the entire amount of Rs. one lakh provided to meet the interest on the loan raised for the construction of the Shencottah-Quilon Line has been saved. Similarly, the provision of half a lakh made under Profit or Loss on investments has not been utilised as the Government have hardly had any need.